

Members can rely on SDRS

Defined Benefits Reduce Uncertainty

Recent market performance worldwide has shaken Wall Street as well as Main Street. As investment returns evaporate and stock values plunge, the dramatic economic downturn is affecting the financial future of nearly everyone.

However, authorized agents can reassure SDRS members that their retirement system will continue to deliver retirement, disability and survivor benefits. Structured to weather major fluctuations in the market, SDRS is well positioned to address the challenges of the current financial crisis.

Because SDRS is a defined benefit plan, members receive a monthly benefit payment of a predetermined, or defined, amount. That amount is calculated using benefit formulas comprising a member's final average salary, number of years of service and a multiplier. SDRS will pay a benefit for as long as the retiree lives, regardless of the performance of Wall Street.

Safeguards protect SDRS' fiscal stability

Members of your unit may wonder how SDRS can adjust to the turmoil that has rocked the markets over the past several weeks. Years of prudent governance by SDRS' Board of Trustees are the bedrock of the system's outstanding stability. In particular, two factors distinguish SDRS from other retirement systems:

- SDRS does not improve benefits until the money to pay for the improvement is actually in the system. This policy means that SDRS has virtually no long-term debt.
- SDRS sets aside a portion of its trust fund as a reserve to protect the system during market down turns in the market.

SDRS staff and the Board of Trustees continuously monitor the plan's performance to determine if, and what, future action is necessary to maintain the system's financial security. While SDRS benefits currently remain secure despite market conditions, the Board will continue to review the plan's funded status and benefit structure.

Experience proves the wisdom of maintaining a reserve

The value of placing a portion of the trust fund into a reserve was proven during the years that followed the bursting of the dot-com bubble, 2000-2002. Through those years of a bear market, SDRS benefit payments remained steady and constant.

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The experience of 2000-2002 drew down the level of savings in the trust fund, but in the following years returns exceeded expectations and allowed SDRS to build the reserves back up. Indeed, investment results were so strong that in 2008 the SDRS Board exercised the other purpose of the reserve and approved a benefit improvement, increasing the monthly retirement benefit for many members.

Although few Americans will be exempt from the effects of recent global economic events, SDRS members can be confident in the system's financial strength and the Board's determination to provide benefits during this difficult period. 

Save now to meet your future goals

Yes, This May be a Difficult Time to be an Investor

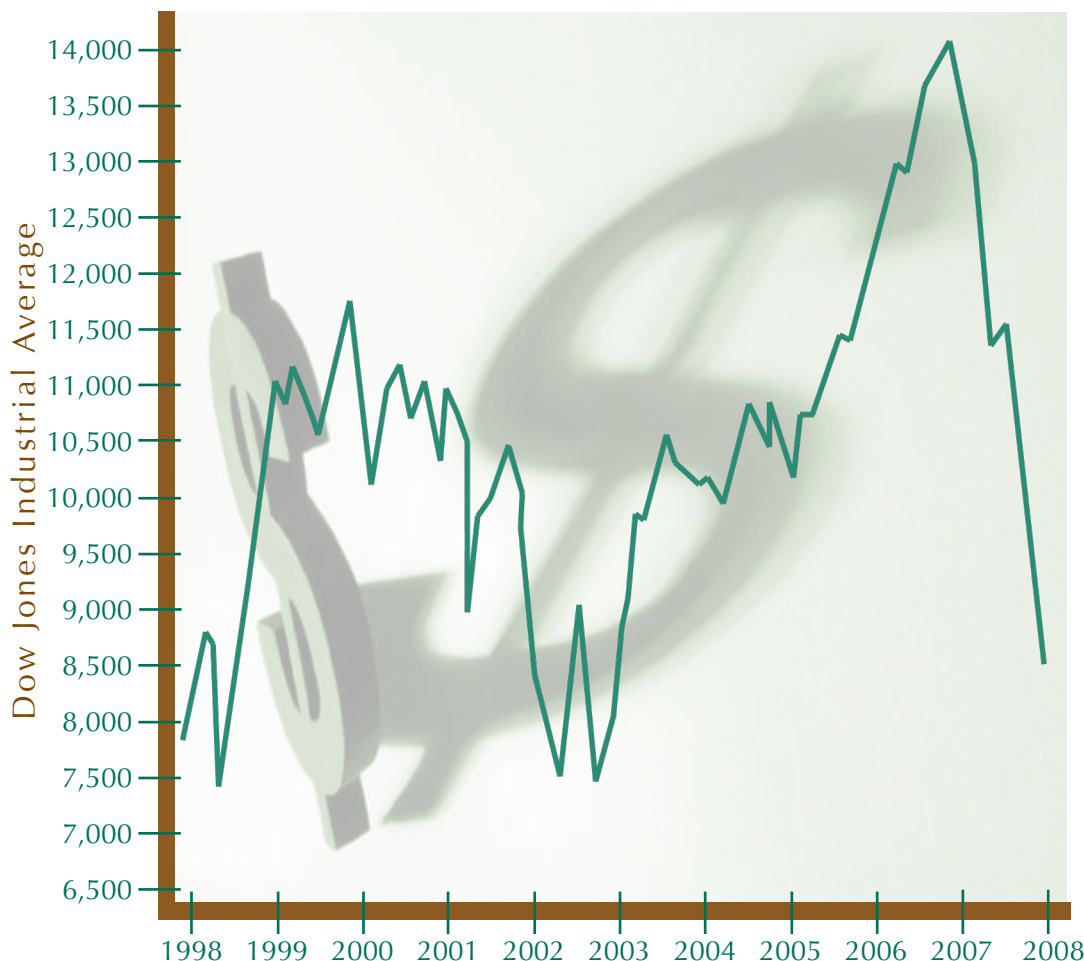
It's been a rough year for the markets. And media reports about recent political and financial uncertainty are near-daily events. The good news is, this will pass. There have been down markets before. And while past performance cannot guarantee future results, every down cycle provides an opportunity for success in the following rebound.

Despite recent uncertainties, the tried-and-true strategy of asset allocation (spreading your retirement investments across many different asset classes) is still your best bet. Finding an appropriate mix of cash, bonds and stocks and remembering your retirement plan is a long-term strategy may help you through these nail-biting days in the financial markets.

Keep in mind that asset allocation and diversification strategies do not assure a profit and do not guarantee against loss in a declining market. You're doing the right thing today by participating in your retirement plan. A good strategy is a good strategy, regardless of market conditions. Because you're in the market for the long term, don't make investment decisions based on short-term drops or gains.

Evaluate how an investment fits into your overall long-term financial strategy. And don't let the market make you think short term when you're investing long term.

Call your SDRS-SRP representative at 1-800-959-4457 or in Pierre at 605-224-2230 if you want to find out what you can be doing today to meet your goals later. [UpDate](#)



Stock markets go up and down, as a graph of the Dow Jones industrial average over the past 10 years illustrates. Although it is impossible to say how long or how deep the present market downturn will be, past experience reassures us that markets can and do recover.

Coming to Terms

Defined Benefit vs. Defined Contribution

Most pension plans in the United States fall into two broad categories: defined benefits and defined contributions.

SDRS operates as a defined benefit system, whereby members' benefits are assured for life at an amount determined, or defined, by a set formula. SDRS assumes responsibility for investing contributions, thereby shielding the benefit recipient from market downturns.

In a defined contribution system, the amount deposited regularly into a retirement account is set (a defined contribution), but the value of the resulting benefit is dependent on market performance and is unknown until it is paid out. Individual account holders assume the risk of investing their funds and have no guarantee of life-long income. [UpDate](#)

As of January 2009

Electronic Reporting Becomes Mandatory

In the new year SDRS will require all contribution reports to be submitted electronically. Electronic reporting is easy, and once you learn how, you will save time for both yourself and the SDRS staff while reducing the risk of error.

Getting Started

SDRS has developed a portion of its Web site to help each employer file its monthly contribution report electronically. To use this software an authorized agent must first go to the SDRS Web site to register online and create a password for future use. The following steps will help you in this process:

- Log on to the SDRS Web site, www.sdrs.sd.gov
- Click on "Employer Contribution Reporting Login," located on the left hand side of the screen.
- If you are a first time user you must now "Register."
- If you have registered previously,

you only need to "Enter Employer ID Number and Password."

- Click on the "Continued" button (takes you to the reporting programs).
- Click on the upload or download program.
- Follow the on-screen instructions.

Downloading uses a program that agents download from the SDRS Web site. The program has a form on which employee information — names, addresses, Social Security numbers and so forth — is saved for repeated use. Each month the authorized agent enters employee contributions and sends the report to SDRS with a single click of the mouse. The downloaded program makes preparing and transmitting reports easy and efficient, especially for smaller units using a payroll program that lacks the capacity to prepare reports automatically.

The uploading method accepts contribution reports prepared by a unit's payroll program. The authorized agent logs on to

the SDRS Web site and uploads the files. This method is particularly advantageous for units with large, complex payrolls, decreasing the amount of work required and reducing the chance for error.

Electronic fund transfers advantageous but optional

Although transferring funds electronically is not mandatory, doing so eliminates the task of writing and mailing checks and prevents lost or late payments and their ensuing penalties. Employers can move funds from their checking accounts to SDRS automatically using Automated Clearing House (ACH) electronic transfers. Contact the SDRS office for instructions for setting up an ACH transfer.

The SDRS staff is always available to answer any authorized agent's question. For help specifically about setting up electronic transfers of reports or funds, ask to speak with Diane Kafka. **UpDate**

\$25 Bonus Encourages SRP Enrollment

Remind your members they can receive a \$25 incentive bonus by enrolling now in the SDRS Supplemental Retirement Plan (SRP).

Through June 30, 2009, \$25 will be added to the first 4,000 new accounts. SDRS-SRP accounts offer diverse investment options with the opportunity for tax-deferred growth.

Enrollment is easy. Members can call the local SDRS-SRP retirement specialist at (605) 224-2230 or toll-free at (1-800) 959-4457, or visit the Web site at www.srp457.com



SDRS STATE-WIDE INDIVIDUAL COUNSELING SCHEDULE

SCHEDULE DATE	COUNTY	LOCATION	ADDRESS	DEADLINE TO SCHEDULE*
02 Dec 2008	Lawrence	Spearfish, Holiday Inn	I-90, Exit 14	11-26-2008
06 Jan 2009	Brule, Buffalo, Lyman	Oacoma, Cedar Shores	1500 Shoreline Drive	01-01-2009
14 Jan 2009	Custer	Custer, Elk Canyon Steak House	511 Mt. Rushmore Rd	01-08-2009
20 Jan 2009	Gregory & Tripp	Winner, Holiday Inn Express	1360 E Hwy 44	01-15-2009
27 Jan 2009	Fall River & Shannon	Hot Springs, Mueller Civic Center	801 S 6th Street	01-22-2009
03 Feb 2009	Hutchinson & Douglas	Parkston, Senior Center	Main Street	01-29-2009
10 Feb 2009	Minnehaha	Sioux Falls, Ramkota	3200 W Maple	02-05-2009
17 Feb 2009	Todd	Mission, Administration Building	School Campus	02-12-2009
24 Feb 2009	Charles Mix	Platte, First Fidelity Bank	501 Main Street	02-19-2009
10 Mar 2009	Edmunds & McPherson	Eureka, Fire Hall	502 F Avenue	03-05-2009
18 Mar 2009	Moody	Flandreau, Royal River Casino	607 S Veterans	03-12-2009
24 Mar 2009	Dewey, Faulk, Potter	Gettysburg, Bob's Steakhouse	29336 Hwy 212	03-19-2009
31 Mar 2009	Pennington	Rapid City, Rushmore Plaza Holiday Inn	505 N 5th Street	03-26-2009
14 Apr 2009	Aurora & Jerauld	Wessington Springs, Community Room	205 Wallace Dr	04-09-2009
21 Apr 2009	Meade	Sturgis, Philtown Best Western	Exit 32, South Junction	04-16-2009
28 Apr 2009	Grant	Milbank, Super 8	East Hwy 12	04-23-2009
12 May 2009	Roberts	Sisseton, NESDCAP	104 Ash Street E	05-07-2009
19 May 2009	Pennington	Rapid City, Rushmore Plaza Holiday Inn	505 N 5th Street	05-14-2009
26 May 2009	Corson, Perkins, Ziebach	Bison, County Courthouse	100 E Main Street	05-21-2009
09 Jun 2009	Day	Webster, County Courthouse	711 W 1st Street	06-04-2009
16 Jun 2009	Minnehaha	Sioux Falls, Ramkota	3200 W Maple	06-11-2009
23 Jun 2009	Bon Homme	Springfield, Community Room	605 8th Street	06-18-2009
30 Jun 2009	Lincoln	Canton, Pizza Ranch	719 E 5th Street	06-25-2009

*Individual retirement counseling sessions must be scheduled before noon on this date.

Encourage your members to contact SDRS at (1-888) 605-SDRS to register for counseling sessions early.

MANAGING RETIREMENT INCOME WORKSHOPS

SCHEDULE DATE	LOCATION	ADDRESS
Dec 9 2008	Americinn, Fort Pierre	312 Island Drive

Managing Retirement Income offers members hands-on, small-group workshops that focus on assessing retirement income needs and identifying gaps in financial planning. Because enrollment is limited, authorized agents should encourage members to register early by contacting SDRS at (1-888) 605-SDRS.

UpDate is produced to communicate the plan provisions, changes in law, and issues of interest to authorized agents of the South Dakota Retirement System. It is published with funds provided through the contributions of teachers, school boards, state government, state employees, county commissions, county employees, municipal governments, municipal employees, and other local units and employees.